

# Long Term Disability Insurance

# Long Term Disability Contents

- Basic Long Term Disability ..... 123
  - BLTD Plan Benefits Summary ..... 125
  - Examples ..... 125
- Supplemental Long Term Disability ..... 128
  - SLTD Plan Benefits Summary ..... 132
  - How Does SLTD Insurance Work? ..... 132

# Basic Long Term Disability

<b>Introduction</b>	The Basic Long Term Disability (BLTD) Plan, administered by Standard Insurance Company, is an employer-funded disability plan provided by the state. It helps you protect a portion of your income if you become disabled.
<b>Eligibility</b>	<p>You are eligible for BLTD if:</p> <ul style="list-style-type: none"><li>• You are covered under a state health plan; and</li><li>• You are an active, permanent, full-time employee regularly working 30 hours or more a week for 12 months, or a full-time academic employee; and</li><li>• You receive compensation from a department, agency, board, commission or institution of the state; a public school district; a county government (including county council members) or another group participating in the state's Plan of Benefits.</li></ul> <p>Also eligible for coverage are members of the General Assembly and judges in the state courts. Active employees who work at least 20 hours per week may also be eligible at the agency's option. This benefit is provided at no cost to you. You must, however, be actively employed when the disability occurs.</p>
<b>Benefit Waiting Period</b>	The benefit waiting period is the length of time you must be disabled before benefits may be payable. No benefits are payable during this period. The BLTD plan has a 90-day benefit waiting period.
<b>Claims</b>	<p>As soon as it appears you will be disabled for 90 days or more or your employer is modifying your duties due to a health condition, ask your benefits administrator for a claim form packet. This packet contains these forms: Employee's Statement, Authorization to Obtain Psychotherapy Notes, Authorization to Obtain Information, Attending Physician's Statement and Employer's Statement. You are responsible for making sure these forms are completed and returned to Standard Insurance Company. If possible, your complete medical records should accompany the Attending Physician's Statement. You may fax these forms to 800-437-0961; original forms still should follow. If you have questions, please contact Standard Insurance Company at 800-628-9696.</p> <p>You must provide these completed claim forms to Standard Insurance Company within 90 days of the end of the benefit waiting period. If you cannot do so, you must submit these forms as soon as reasonably possible but no later than one year after the 90-day period. If you do not provide these forms within this period of time, barring a court's determination of your legal incapacity, Standard Insurance Company may deny your claim.</p>
<b>Active Work Requirement</b>	If physical disease, mental disorder, injury or pregnancy prevent you from working the day before the scheduled effective date of your coverage, your coverage will not become effective until the day after you complete one full day of active work.

## Pre-existing Condition

A pre-existing condition is a physical or mental condition for which you consulted a physician, received medical treatment or services or took prescribed drugs or medications during the six-month period before your BLTD coverage became effective. No benefits will be paid for a disability caused or contributed to by a pre-existing condition unless on the date you become disabled: you have been continuously covered under the plan for at least 12 months or have not consulted a physician, received medical treatment or services or taken prescribed drugs during any 12 consecutive months between your date of disability and six months before the date your BLTD coverage became effective.

## Exclusions and Limitations

- Disabilities resulting from war or any act of war are not covered.
- Intentional self-inflicted injuries are not covered.
- No BLTD benefits will be payable when you are not under the ongoing care of a physician.
- No BLTD benefits are payable for any period when you are not participating, in good faith, in a course of medical treatment, or vocational training, or education approved by Standard Insurance Company, unless your disability prevents you from participating.
- No BLTD benefits are payable for any period of disability when you are confined for any reason in a penal or correctional institution.
- No BLTD benefits are payable after you have been disabled for 24 months, exclusive of the benefit waiting period:
  - During your entire lifetime for a disability caused or contributed to by a mental disorder, unless you are continuously confined to a hospital at the end of the 24 months
  - During your entire lifetime for a disability caused or contributed to by your use of alcohol, alcoholism, use of any illicit drug, including hallucinogens, or drug addiction
  - During your entire lifetime for a disability caused or contributed to by chronic pain, musculoskeletal or connective tissue conditions
  - During your entire lifetime for a disability caused or contributed to by chronic fatigue or related conditions
  - During your entire lifetime for a disability caused or contributed to by chemical and environmental sensitivities
- During the 90-day benefit waiting period and the first 24 months of disability, no BLTD benefits will be paid for any period of disability when you are able to work in your **own** occupation and you are able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but you choose not to work. Thereafter, no BLTD benefits will be paid for any period of disability when you are able to work in **any** occupation and able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but choose not to work.

# BLTD Plan Benefits Summary

Benefit waiting period:	90 days
Monthly BLTD benefit <sup>1</sup> percentage:	62.5 percent of your predisability earnings, reduced by deductible income
Maximum benefit:	\$800 per month
Maximum benefit period:	To age 65 if you become disabled before age 62. If you become disabled at age 62 or older, the maximum benefit period is based on your age at the time of disability. The maximum benefit period for age 69 and older is one year.

## Examples

1. \$29,250.00	annual salary	2. \$32,986.00	annual salary
\$ 2,437.50	monthly base salary	\$ 2,748.83	monthly base salary
\$ 1,523.44	62.5 percent of base salary	\$ 1,718.02	62.5 percent of base salary
- 0	retirement (ineligible)	- 731.00	retirement benefits
1,523.44	balance	987.02	balance
- 600.00	Social Security benefits	- 766.00	Social Security benefits
\$ 923.44	balance (exceeds \$800 max.)	\$ 221.02	LTD monthly benefit <sup>1</sup>
\$ 800.00	LTD monthly benefit <sup>1</sup>		

<sup>1</sup>BLTD benefits are subject to federal and state income taxes. Check with your accountant or tax advisor regarding your tax liability.

<b>Predisability Earnings</b>	Predisability earnings are the monthly earnings from your state-covered employer as of the preceding January 1, including merit and longevity increases. It does not include your bonuses, commissions, overtime or incentive pay. If you are a teacher, it does not include your compensation for summer school, but it does include compensation earned during regular summer sessions by university staff.
<b>When Are You Considered Disabled?</b>	You are considered disabled and eligible for benefits if you cannot fulfill the requirements of your job due to a covered injury, physical disease, mental disorder or pregnancy. You also will need to satisfy the benefit waiting period and to meet one of the following definitions of disability during the period to which it applies.
<b>Definition One:</b>	<i>Own Occupation Disability</i> - You are unable to perform, with reasonable continuity, the material duties of your own occupation during the benefit waiting period and the first 24 months of disability.
<b>Own Occupation</b>	“Own occupation” means any employment, business, trade, profession, calling or vocation that involves material duties of the same general character as your regular and ordinary employment with the employer. Your own occupation is not limited to your job with your employer. It is also not limited to when your job is available.

**Definition Two:** *Any Occupation Disability* - You are unable to perform, with reasonable continuity, the material duties of any occupation.

**Any Occupation** “Any occupation” means any occupation or employment which you are able to perform, due to education, training or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 65 percent of your predisability earnings (adjusted for inflation) within 12 months following your return to work, regardless of whether you are working in that or any other occupation. The “any occupation” period begins at the end of the “own occupation” period and continues to the end of the maximum benefit period.

**Definition Three:** *Partial Disability* –

A) During the “own occupation” period you are working while disabled and you are unable to earn more than 80 percent of your predisability earnings, adjusted for inflation, while working in your own occupation.

B) During the “any occupation” period you are working while disabled and you are unable to earn more than 65 percent of your predisability earnings, adjusted for inflation, while working in any occupation.

**Material Duties** “Material duties” means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience generally required by employers from those engaged in a particular occupation.

**Deductible Income** Your BLTD benefits will be reduced by your deductible income, income you receive, or you are eligible to receive, from other sources. Deductible income includes: sick pay or other salary continuation (including sick leave pool), primary Social Security benefits, Workers’ Compensation, other group disability benefits (except SLTD benefits which are described on page 132), maximum plan retirement benefits, etc. For example, your BLTD benefit, before reduction by deductible income, is 62.5 percent of your covered pre-disability earnings, with a maximum monthly amount of \$800. The benefit will then be reduced by the amount of any deductible income you receive or are eligible to receive. The total of the reduced benefit, plus the deductible income, will provide at least 62.5 percent of your covered predisability earnings, but no more than \$800 a month.

You are required to make a timely application for all deductible income you are eligible to receive. **Please note that the South Carolina Retirement Systems requires you to file an application for disability benefits while you are still in service or before you cease employment.**

When other benefits are awarded, they may include payments due to you while you were receiving BLTD benefits. If the award includes past benefits, or if you receive other income before notifying Standard Insurance Company, your BLTD claim may be overpaid. This is because you received benefits from your plan and income from another source for the same period of time. You will be required to repay the plan for this overpayment.

**When Benefits  
End**

Your benefits automatically end on the earliest of these dates:

- The date you are no longer disabled
- The date your maximum benefit period ends (refer to the limitations and exclusions section on page 124)
- The date benefits become payable under any other group long term disability insurance policy under which you became insured during a period of temporary recovery
- The date you die

**When BLTD  
Coverage Ends**

Your coverage ends automatically on the earliest of:

- The date the plan ends
- The date you no longer meet the eligibility requirements noted before in the eligibility section
- The date your health coverage as an active employee ends
- The date your employment ends

**Appeals**

If Standard Insurance Company denies your claim for long term disability benefits, you can appeal the decision by writing to Standard Insurance Company within six months of receipt of the denial letter. If The Standard upholds its decision on a long term disability claim after a review by its Quality Assurance Unit, you may appeal that decision by writing to EIP within 90 days of the notice of denial. If the denial is upheld by EIP, you may file an appeal with the circuit court within 30 days of the date of the denial letter from EIP.

# Supplemental Long Term Disability

## Introduction

Most people probably think disability is something that happens to other people. Consider these statistics:

- A disabling injury occurs every 1.5 seconds in the U.S.<sup>1</sup>
- Two-thirds of the injuries suffered by workers in 2002 occurred off the job.<sup>2</sup>
- Income lost because of disability is twice as great as income lost because of automobile accidents and three times as great as income lost because of fire.<sup>3</sup>

Most people would not be able to meet their financial obligations if they became disabled and could not work for an extended period of time. For this reason EIP offers a disability insurance plan that will help safeguard your lifestyle. This program, Supplemental Long Term Disability Insurance (SLTD), is insured by the Standard Insurance Company.

<sup>1</sup>National Safety Council. *Report of Injuries in America, October 2001.*

<sup>2</sup>National Safety Council *Injury Facts, 2003.*

<sup>3</sup>Reported in *JHA Dynamics of Disability*. Source: *National Underwriter 2003 Field Guide.*

## SLTD Insurance Provides

SLTD insurance provides:

- Competitive group rates
- Survivors benefits for eligible dependents
- 24-hour coverage for injury, physical disease, mental disorder or pregnancy
- A return to work incentive
- SLTD conversion insurance
- A cost-of-living adjustment

## Eligibility

You are eligible for SLTD insurance if you are an active permanent full-time employee regularly working at least 30 hours a week for 12 months, or a full-time academic employee, and you receive compensation from a department, agency, board commission or institution of the state; a public school district; a county government (including county council members); or other eligible employer approved by state legislature. Members of the General Assembly and judges in the state courts are also eligible.

You are not eligible for this coverage if, through your employer, you elect any other group long term disability coverage that insures any portion of your predisability earnings (other than the BLTD Plan); if you are receiving retirement benefits from the State of South Carolina Retirement Systems and if you have waived active coverage under the State Health Insurance Plan or HMO Plan; a temporary or seasonal employee; or a full-time member of the armed forces of any country.

## Enrollment

You can enroll in the SLTD program within 31 days of eligibility. You may choose from one of two benefit waiting periods. If, however, you do not enroll within 31 days after you first become eligible for SLTD, you will have to provide Standard



Insurance Company with medical evidence of good health and be approved to become insured. You may enroll with medical evidence of good health at any time throughout the year.

**Benefit Waiting Period** The Benefit Waiting Period is the length of time you must be disabled before benefits may be payable. You have the option of choosing either a 90-day or a 180-day benefit waiting period. You may change from one benefit waiting period to the other at any time. To change from a 90- to a 180-day benefit waiting period, you must complete a Notice of Election (NOE) form and return it to your benefits administrator.

To change from a 180- to a 90-day benefit waiting period, you must complete an NOE and provide medical evidence of good health for consideration for approval.

**Certificate** When you are approved for SLTD insurance, you will receive a certificate of insurance. Please read it carefully. The master group policy contains the controlling provisions of this insurance plan. Neither the certificate nor any other material can modify those provisions.

**Physical Exam** If you fail to enroll within 31 days of your hire date, you must complete a medical history statement. Standard Insurance Company may require you to undergo a physical examination and blood test at your own expense.

**Claims** As soon as it appears you will be disabled for 90 days or more, ask your benefits administrator for a claim form packet. This packet contains these forms: Employee's Statement, Authorization to Obtain Psychotherapy Notes, Authorization to Obtain Information, Attending Physician's Statement and Employer's Statement. You are responsible for making sure these forms are completed and returned to Standard Insurance Company. Your complete medical records should accompany the Attending Physician's Statement. If you also have BLTD coverage, only one claim packet needs to be completed. These forms may be faxed to 800-437-0961, with originals to follow. If you have questions, please contact Standard Insurance Company at 800-628-9696.

You must provide these completed claim forms to Standard Insurance Company within 90 days of the end of the benefit waiting period. If you cannot do so, you must submit these forms as soon as reasonably possible but no later than one year after the 90-day period. If you do not provide these forms within this period, barring a court's determination of your legal incapacity, Standard Insurance Company may deny your claim.

**Salary Change** Your SLTD premium will be recalculated based on your age as of the preceding January 1. Any change in your predisability earnings after you become disabled will have no effect on the amount of your SLTD benefit.

**Active Work Requirement**

If physical disease, mental disorder, injury or pregnancy prevent you from working the day before the scheduled effective date of your insurance coverage, your coverage will not become effective until the day after you complete one full day of active work.

**Pre-existing Condition**

A pre-existing condition is a physical or mental condition for which you consulted a physician, received medical treatment or services or took prescribed drugs or medications during the six-month period before your SLTD coverage became effective. No benefits will be paid for a disability caused or contributed to by a pre-existing condition unless on the date you become disabled:

- You have been continuously covered under the plan for at least 12 months (Exclusion Period) or
- Have not consulted a physician, received medical treatment or services or taken prescribed drugs or medications during any 12 consecutive month period (Treatment-Free Period) between your date of disability and six months before the date your SLTD insurance became effective.

The Pre-existing Condition Exclusion also applies to a change from the plan with the 180-day benefit waiting period to the plan with the 90-day benefit waiting period. The Pre-existing Condition Period, Treatment-Free Period and Exclusion Period for the new plan will be based on the effective date of your coverage under the 90-day plan. However, if benefits do not become payable under the 90-day plan because of the Pre-existing Condition Exclusion, your claim will be administered under the 180-day plan as if you had not changed plans.

**Exclusions and Limitations**

- Disabilities resulting from war or any act of war are not covered
- Intentional self-inflicted injuries are not covered
- No SLTD benefits will be paid when you are not under the ongoing care of a physician.
- No SLTD benefits are payable for any period when you are not participating, in good faith, in a course of medical treatment, or vocational training, or education approved by Standard Insurance Company, unless your disability prevents you from participating.
- No SLTD benefits are payable for any period of disability when you are confined for any reason in a penal or correctional institution.
- No SLTD benefits are payable after you have been disabled for 24 months, exclusive of the benefit waiting period:
  - During your entire lifetime for a disability caused or contributed to by a mental disorder, unless you are continuously confined to a hospital at the end of the 24 months
  - During your entire lifetime for a disability caused or contributed to by your use of alcohol, alcoholism, use of any illicit drug, including hallucinogens, or drug addiction
  - During your entire lifetime for a disability caused or contributed to by chronic pain, musculoskeletal or connective tissue conditions
  - During your entire lifetime for a disability caused or contributed to by chronic fatigue or related conditions
  - During your entire lifetime for a disability caused or contributed to by chemical and environmental sensitivities

- During the 90-day benefit waiting period and the first 24 months of disability, no SLTD benefits will be paid for any period of disability when you are able to work in your **own** occupation and you are able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but you choose not to work. Thereafter, no SLTD benefits will be paid for any period of disability when you are able to work in **any** occupation and able to earn at least 20 percent of your predisability earnings, adjusted for inflation, but choose not to work.

# SLTD Plan Benefits Summary

Benefit waiting period:	Plan one: 90 days Plan two: 180 days
Monthly benefit <sup>1</sup> percentages:	65 percent of the first \$12,307 of your predisability earnings, reduced by deductible income
Minimum benefit:	\$100 per month
Maximum benefit:	\$8,000 per month
Maximum benefit period:	To age 65 if you become disabled before age 62. If you become disabled at age 62 or older, the maximum benefit period is based on your age at the time of disability. The maximum benefit period for age 69 and older is one year.
Monthly premium <sup>2</sup> rate:	Multiply the premium factor for your age and plan selection by your monthly earnings.
Maximum SLTD covered predisability earnings:	\$12,307 per month

<u>Your age as of the preceding January 1</u>	<u>Plan one</u>	<u>Plan two</u>
Under age 31	.00077	.00059
31 through 40	.00105	.00081
41 through 50	.00210	.00161
51 through 60	.00423	.00326
61 through 65	.00509	.00392
66 or older	.00621	.00478

**Example:** Mary is 38 years old, earns \$3,000 per month and selected plan two. Her monthly premium is  $\$3,000 \times .0008 = \$2.43$  (\$2.44) per month.

John is 52 years old, earns \$2,250 per month and selected plan one. John's monthly premium is  $\$2,250 \times .00423 = \$9.52$  per month.

<sup>1</sup>*These benefits are not taxable.*

<sup>2</sup>*Premium must be an even amount (amount is rounded up to next even number).*

## How Does SLTD Insurance Work?

SLTD insurance is designed to provide additional financial assistance if you become disabled. Your benefit will be based on a percentage of your predisability earnings. This program is customized for you. The SLTD plan benefits summary will provide more information about your plan, including:

- Your level of coverage
- How long benefits payments would continue if you remain disabled
- The maximum benefit amount
- Your choice of benefit waiting periods
- Your premium schedule

You can apply for this plan if you are:

- You are an active, permanent, full-time employee regularly working 30 hours or more a week for 12 months, or a full-time academic employee; and
- You receive compensation from a department, agency, board, commission or institution of the state; a public school district; a county government (including county council members) or another group participating in the state's Plan of Benefits.

Also eligible for coverage are members of the General Assembly and judges in the state courts. Active employees who work at least 20 hours per week may also be eligible at the agency's option. If your group offers other Supplemental Long Term Disability coverage, you must choose one or the other.

**Predisability Earnings**

Your predisability earnings are the monthly earnings from your state-covered employer as of the preceding January 1. Predisability earnings are the actual amount your employer pays you each year, including merit and longevity increases. It does not include your bonuses, commissions, overtime or incentive pay. If you are a teacher, it does not include your compensation for summer school, but it does include compensation earned during regular summer sessions by university staff.

**When Are You Considered Disabled?**

You are considered disabled and eligible for benefits if you cannot work due to a covered injury, physical disease, mental disorder or pregnancy. You will also need to satisfy the benefit waiting period and meet one of these definitions of disability.

**Definition One:**

*Own Occupation Disability* - You are unable to perform, with reasonable continuity, the material duties of your own occupation during the benefit waiting period and the first 24 months SLTD benefits are payable.

**Own Occupation**

"Own occupation" means any employment, business, trade, profession, calling or vocation that involves material duties of the same general character as your regular and ordinary employment with the employer. Your own occupation is not limited to your job with your employer. It is also not limited to when your job is available.

**Definition Two:**

*Any Occupation Disability* - You are unable to perform, with reasonable continuity, the material duties of any occupation.

**Any Occupation**

"Any occupation" means any occupation or employment which you are able to perform, due to education, training or experience, which is available at one or more locations in the national economy and in which you can be expected to earn at least 65 percent of your predisability earnings (adjusted for inflation) within 12 months following your return to work, regardless of whether you are working in that or any other occupation. The "any occupation" period begins at the end of the "own occupation" period and continues to the end of the maximum benefit period.

**Definition Three: *Partial Disability* –**

A) During the “own occupation” period you are working while disabled and you are unable to earn more than 80 percent of your predisability earnings, adjusted for inflation, while working in your own occupation.

B) During the “any occupation” period you are working while disabled and you are unable to earn more than 65 percent of your predisability earnings, adjusted for inflation, while working in any occupation.

**Material  
Duties**

“Material duties” means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience generally required by employers from those engaged in a particular occupation.

**Deductible  
Income**

Your SLTD benefits will be reduced if you receive or you are eligible to receive deductible income, income from other sources. Deductible income includes: sick pay or other salary continuation (including sick leave pool), primary and dependent Social Security benefits, Workers’ Compensation, BLTD benefits, other group disability benefits, maximum plan retirement benefits, etc. For example, your SLTD benefit before reduction by deductible income is 65 percent of your covered predisability earnings. The benefit will then be reduced by the amount of any deductible income that you receive or are eligible to receive, so the total of the reduced SLTD benefit plus the deductible income will provide at least 65 percent of your covered predisability earnings. The guaranteed minimum SLTD benefit is \$100, regardless of the amount of deductible income.

You are required to make a timely application for all deductible income you are eligible to receive. **Please note that the South Carolina Retirement Systems requires you to file an application for disability benefits while still in service or before the end of your employment.** When other benefits are awarded, they may include payments due to you while you were receiving BLTD benefits. If the award includes past benefits, or if you receive other income before notifying Standard Insurance Company, your SLTD claim may be overpaid. This is because you received benefits from your plan and income from another source for the same period of time. You will be required to repay the plan for this overpayment.

**Conversion**

When your insurance ends, you may buy SLTD conversion insurance if you meet all of these criteria:

1. Your insurance ends for a reason other than:
  - a. Termination or amendment of the group policy
  - b. Your failure to make a required premium contribution
  - c. Your retirement
2. You were insured under your employer’s long term disability insurance plan for at least one year as of the date your insurance ended.
3. You are not disabled on the date your insurance ends.
4. You are a citizen or resident of the United States or Canada.
5. You apply in writing and pay the first premium for SLTD conversion insurance within 31 days after your insurance ends.

**Death Benefits**

If you die while SLTD benefits are payable, Standard Insurance Company will pay a lump- sum benefit to your eligible survivor. This benefit will be equal to three months of your SLTD benefit, unreduced by deductible income. Eligible survivors include your surviving spouse; surviving, unmarried children less than 25 years old; or any person providing care and support for any of them.

**When  
Benefits  
End**

Your benefits end automatically on the earliest of:

- The date you are no longer disabled
- The date your maximum benefit period ends
- The date you die
- The date benefits become payable under any other employer's group LTD policy

**When SLTD  
Insurance Ends**

Your insurance ends automatically on the earliest of:

- The last day of the month for which you paid a premium
- The date the group policy ends
- The date you no longer meet the eligibility requirements noted before in the Eligibility section

